

Message Text

SECRET

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51

ACTION SS-30

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 8243

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S E C R E T TEHRAN 7879

EXDIS

E.O. 11652: GDS

TAGS: ENRG, OPEC, IR, SA

SUBJ: REMARKS OF NEW SAUDI AMBASSADOR

REF: TEHRAN 7611

1. NEW SAUDI AMBASSADOR IBRAHIM BAKR MADE HIS COURTESY CALL ON ME MORNING OF SEPTEMBER 18. AFTER CASUAL CONVERSATION ABOUT HIS EXPERIENCES IN JAKARTA, HE COMMENTED THAT HE HAD HAD A PLEASANT INTERCHANGE WITH THE SHAH AFTER HE PRESENTED HIS CREDENTIALS ON SEPTEMBER 15. HE INDICATED THAT THE SHAH MADE EVERY PRETEXT AT WANTING GOOD RELATIONS WITH SAUDI ARABIA AND THAT THE SHAH WAS PREPARED TO COOPERATE AND COLLABORATE WITH KING FAISAL IN ANY MANNER THE LATTER DESIRED. AT THIS POINT AMBASSADOR BAKR OUTLINED FOR THE SHAH THE SAUDI VIEWS ABOUT THE FUTURE INDUSTRIALIZATION OF THE COUNTRY, THE DESIRE TO SEE A WESTERN EUROPE IN HEALTHY FINANCIAL AND ECONOMIC CONDITION, AND THE NECESSITY IN THIS CONTEXT FOR BEING REASONABLE ABOUT OIL PRICES OR EVEN LOWERING THEM. ACCORDING TO AMBASSADOR BAKR, THE SHAH'S REACTION WAS PREDICTABLE. HE CAREFULLY DEVELOPED THE WELL-KNOWN THEME THAT THE CONSUMING COUNTRIES PAID NO ATTENTION TO THE RISING COSTS OF COMMODITIES AND MANUFACTURED GOODS DURING THE PERIOD WHEN OIL PRICES WERE ARTIFICIALLY LOW AND THAT THERE WAS NO INDICATION EVEN NOW THAT THE WEST WAS TAKING ANY EFFECTIVE STEPS TO HALT INFLATION, IN FACT IT WAS GETTING WORSE. AMBASSADOR BAKR CONCLUDED THIS PART OF OUR CONVERSATION BY STATING IT WAS INDEED TRUE THAT SAUDI ARABIA,

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ALGERIA, AND IRAN HAD AGREED BEFORE THE SEPTEMBER 12 OPEC

MEETING TO KEEP OIL PRICES WHERE THEY WERE BY THE DEVICE OF
THE SAUDIS DECLINING TO RUN THE OIL AUCTION WHILE THE IRANIANS
REFRAINED FROM SUPPORTING THE REQUESTS OF OTHER OPEC MEMBERS
FOR INCREASED PRICES. (THE FACT THAT REPORTING ON THE OPEC
MEETING INDICATES A FIGHT BETWEEN THE SAUDIS AND THE IRANIANS
ON PRICES APPARENTLY DOES NOT NULLIFY THE EXISTENCE OF AN
AGREEMENT BEFORE THE MEETING. CF. PARAGRAPH FOUR OF REFTEL.)
HELMS

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NNN

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